

New York Times

April 29, 2006

Fiddling While Fuel Burns

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Congress and President Bush are promising to solve the crisis of \$3-a-gallon gasoline. But before we get to their eight-point plan and other scams, a brief digression: How about trying something that works?

If your goal is to get Americans to burn less gasoline, then we've already hit on the best strategy. As long as the price of gas is high, people will drive less and buy cars with better gas mileage, just as they did during past price spikes. But there's no guarantee the price of gas won't soon plummet -- unless it's propped up by a tax.

A gas tax is a far better way to encourage conservation and combat global warming than the method mentioned by Bush this week: mandating more fuel-efficient cars. A tax would work much more quickly than the mandate, since it would affect all cars now on the road, not just new ones. The tax would also cost Americans about 20 percent less to achieve the same fuel savings as the mandate would, according to the Congressional Budget Office.

The fuel-economy mandate is more expedient politically because the costs are hidden in the prices of new cars instead of being visible at the pump. But automobile executives know how expensive it is to comply with those rules. They don't like advocating a gas tax on the record, but privately some of them consider it the lesser of two evils.

"There are a lot of people within the industry who would embrace a gas tax," the lobbyist for a major car company told me. "If you offered them the tax as an alternative to new fuel-economy rules, they'd jump on it."

The problem would be selling the tax to voters, but it could be phased in discreetly -- say, a new dime of tax whenever the gas price declines 20 cents -- with the promise that all the money would be given back. The new revenue could be evenly divvied up each year, either by mailing a check to every car owner or (my pet proposal) by putting it into a new private account for every worker now paying into Social Security.

A 50-cent gas tax would probably raise enough revenue to give each worker over \$400 per year, much more impressive than the \$100 checks that Republicans are now proposing to appease angry motorists this year. Instead of being a one-shot gimmick, these gifts would be an annual ritual -- a chance for everyone, voters and their representatives, to congratulate themselves for another year of sensible conservation.

But I know it's naive to think anyone in Washington really cares about sensible conservation. Both parties have been too busy this week blaming each other, demonizing

oil companies and repeating the mistakes of the 1970's energy crisis.

Republicans promise the kind of investigations into "price gouging" that proved fruitless in the past. Democrats want to revive a version of the "windfall profits" tax of the 1980's, which reduced domestic oil production and increased imports of foreign oil -- without even generating much revenue.

With Big Oil the new enemy, both parties want to take away some of its tax breaks, an idea that's not bad. But both parties are still determined to help out their favorite industries. And just as the 1970's energy planners lavished money on fuels of the future that turned out to be duds, Congress still seems to have a knack for backing losers.

Right now, for instance, the best alternative to gasoline is probably the cheap ethanol produced in Brazil and other foreign countries. But instead of giving drivers a chance to switch to this fuel, Congress is imposing a stiff tariff on it to protect the Midwestern farmers who produce higher-priced ethanol.

The best way to promote alternative fuels is to give them all a chance by imposing a tax on gasoline. That would give investors the incentive to find cheaper alternatives, and the market would sort out the winner -- natural gas, ethanol, methanol, soy diesel, whatever works.

Now that President Bush doesn't have to worry about winning the Iowa caucuses, he could afford to give drivers a break by subjecting corn farmers to competition from Brazil. He could reduce fuel consumption and global warming with a gas tax -- and maybe in the bargain leave a legacy of Social Security private accounts. But if he sticks with the 1970's tactics, he'll be remembered about as fondly as Jimmy Carter.

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